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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

SEARS HOLDNGS CORPORATION, *et al.*

Debtors.

Chapter 11

Case No. 18-23538(RDD)

(Jointly Administered)

ENVISIONS LLC'S OPPOSITION TO
DEBTORS' TWENTY-FIFTH OMNIBUS OBJECTION
TO PROOFS OF CLAIMS (REDUCE, RECLASSIFY, OR DISALLOW)

To the Honorable Robert D. Drain:

Envisions LLC ("Envisions") through its undersigned counsel, submits this reply in opposition to the Debtors' Twenty-Fifth Omnibus Objection to Proofs of Claims (Reduce, Reclassify, Or Disallow) (the "Claim Objection") and respectfully states as follows:

1. In the years prepetition, Envisions was a consignment vendor to the Debtors.
2. On July 6, 2011, Envisions and Sears, Roebuck and Co. (Debtor No. 0680, "Sears") entered into a Master Consignment Agreement (the "Consignment Agreement", a copy of which is annexed hereto as Exhibit "A").
3. Pursuant to the Consignment Agreement, Sears granted Envisions "a continuing security interest in the proceeds of Consigned Merchandise" (Consignment Agreement §15(a)).
4. On August 11, 2011, Envisions filed a UCC-1 Financing Statement against Sears (as continued, the "UCC-1"). A copy of the UCC-1 is annexed hereto as Exhibit "B".

5. The UCC-1 includes in its description of security for the obligations owed Envisions “All Proceeds of Consigned Merchandise...” See UCC-1.

6. On April 9, 2019, Envisions filed a proof of claim [Claim No. 15166] in these cases, asserting a secured claim in the amount of \$26,671.29 and an unsecured claim in the amount of \$13,374.58. The basis for the secured claim is unpaid prepetition sales of consigned merchandise. The proof of claim included backup for the sales as reported to Envisions by the Debtors.

7. Throughout the postpetition period, Envisions has responded to numerous requests from the Debtors and provided evidence of the Financing Statement and UCC-1.

8. In or about October 2020, the Debtors and Envisions reached an agreement to classify \$5,667.38 of the Envisions’ claim as secured pursuant to Bankruptcy Code Section 503(b)(9) and agreed to leave open the question of whether the balance of the claim was secured as sale proceeds of collateral pursuant to the Consignment Agreement.

9. Envisions has, therefore, demonstrated it has a security interest in proceeds of the sale of its collateral and has demonstrated it has a claim based on such sales. Envisions has, accordingly, met its burden of demonstrating the validity and secured status of its claim.

10. Conversely, the Debtor has failed to meet its burden under Bankruptcy Code Section 502 and Rule 3001 to provide evidence to rebut the presumption of the validity of Envisions claim, let alone to prove that no security interest exists (through tracing of the proceeds or otherwise).

WHEREFORE, Envisions LLC respectfully requests this Court deny the Objection as it relates to Envisions' proof of claim and grant such other and further relief as it deems just and appropriate.

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